

FY2004 Budget Resolution: Investing in STATES

The FY 2004 Budget Resolution provides more funds for aid to states than for national defense. It assumes more spending on many state programs than the President's budget request. A sampling of state assistance follows:

Education. The Budget assumes a \$1 billion increase for Title I Education for the Disadvantaged grants to local education agencies to help high poverty school districts meet the reforms in the No Child Left Behind Act. Also assumed is a \$1 billion increase for special education to help states pay the excess costs of educating over 6.5 million children with disabilities. Additionally, if an Individuals with Disabilities Education Act (IDEA) reauthorization bill is enacted this year, the Chairman may make a cap adjustment of up to \$205 million to provide additional IDEA funding.

Community Development Block Grants (CDBG). The Budget funds the CDBG program at a level of \$4.7 billion for 2004, which matches the President's request for that year. Over the past 13 years the CDBG program has remained remarkably steady in terms of its funding level. It has always hovered between \$4.5 billion and \$5 billion. It has only broken that \$5 billion ceiling twice - once in 1994 by a mere \$50 million and again in 2002 where it climbed just below \$8 billion. The 2002 funding was obviously in response to the terrorist attacks and this account was directly responsible for most of the aid to the state of New York in the aftermath.

Medicaid. The Budget assumes a reserve fund for Medicaid and the State Children's Health Insurance Program (SCHIP) reform to provide flexibility to the states for innovation and expansion of coverage. The fund is based on the Administration's proposal for a new Medicaid and SCHIP program option, under which states may take their Medicaid and SCHIP funding in a single federal payment. This initiative builds on a successful demonstration proposal developed by the Administration which will enhance state flexibility and promote innovation. The purpose of this proposal is to provide states with access to increased funds to create innovative programs to cover their uninsured population.

SCHIP. The Budget provides \$4.519 billion for 2004 - \$1.33 billion over the President's request. The Budget includes a reserve fund for the Finance Committee to report legislation to extend the availability of expiring SCHIP funds and restore availability of funds from 1998 and 1999 that have expired. According to CBO estimates, approximately \$1.26 billion in SCHIP funds reverted to the Treasury on October 1, 2002, and \$1.35 billion will return to the Treasury at the end of 2003. This legislation would provide \$1.825 billion in BA and \$975 million on outlays over 10 years to the states to ease some of the financial strain they face as well as to cover more children under their SCHIP programs.

Tribal Assistance Grants. The Budget includes \$3.8 billion for EPA State and Tribal Assistance Grants. This is the same as last year and \$713 million more than the President's request. These funds provide low interest loans and grants to communities for clean drinking water and wastewater infrastructure.

Impact Aid. The Budget does not accept the President's requested decrease for Impact Aid. The President proposed decreasing Impact Aid to \$1 billion, but the budget resolution provides \$172 million above this request, holding Impact Aid steady at the 2003 level of \$1.2 billion.

Transportation. The Budget provides \$32.1 billion, a 10-percent increase in highway funds for 2004 above the President's request. The Budget assumes \$3.2 billion in 2004 for Grant-in-Aid to airports, providing the necessary resources to support an integrated national system of airports. The Budget includes \$8.2 billion for the Federal Transit Administration, supporting grants specifically targeted to urbanized transportation needs of the elderly, low-income, and persons with disabilities.